

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7160

BILL NUMBER: HB 1390

NOTE PREPARED: Dec 31, 2010

BILL AMENDED:

SUBJECT: Disclosure of Charity Administration Expenses.

FIRST AUTHOR: Rep. Heuer

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill requires a person who, for financial consideration, solicits contributions for certain charitable organizations to disclose in a written or oral solicitation the estimated percentage of the charitable contribution that will be expended for charitable purposes after administrative costs and the cost of making the solicitation have been satisfied. It provides an exclusion for a person who solicits contributions for: (1) a charitable institution that received less than \$250,000 during the previous year in contributions; or (2) a church, synagogue, mosque, or certain religious organizations. It requires an officer or employee of certain charitable organizations to disclose in a written or oral solicitation the estimated percentage of the charitable contribution that will be expended for charitable purposes after administrative costs and the cost of making the solicitation have been satisfied. The bill provides an exclusion for: (1) a charitable institution that received less than \$250,000 during the previous year in contributions; or (2) a church, synagogue, mosque or certain religious organizations. It provides that the disclosure requirement does not apply to a volunteer of a charitable organization.

The bill provides that the Consumer Protection Division of the Attorney General's Office may investigate charitable organization disclosure complaints. It provides that the Attorney General's Office may bring an action to enjoin disclosure violations. The bill also provides that a court may order a charitable organization to pay the reasonable costs of investigation and prosecution incurred by the Attorney General and may award the state civil penalties up to \$500 for each violation.

Effective Date: July 1, 2011.

Explanation of State Expenditures: *Attorney General's Office:* This bill provides that the Consumer Protection Division of the Attorney General's Office may investigate and prosecute complaints received

concerning possible violations of this bill by charitable organizations. The impact will depend upon the number of complaints received and investigated.

Also, the Attorney General's Office may bring an action to enjoin a violation of this bill. The fiscal impact will depend on the number of civil actions the Attorney General might pursue.

Explanation of State Revenues: *Civil Penalties:* Civil penalties that may be awarded due to civil actions brought by the Attorney General are deposited in the state General Fund. This bill provides that courts may award the state up to \$500 for each violation.

Court Fee Revenue: If additional civil actions occur and court fees are collected, revenue to the state General Fund may increase. A civil costs fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the document storage fee (\$2), automated record keeping fee (\$7), judicial salaries fee (\$18), public defense administration fee (\$3), court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Court Fee Revenue:* If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

State Agencies Affected: Attorney General.

Local Agencies Affected: Trial courts, city and town courts.

Information Sources:

Fiscal Analyst: Jessica Harmon, 317-232-9854.